

Annexure to Appendix E
New Board Member Nomination / Appointment Procedure

1. Background and Context

Liva Insurance Company is a listed joint stock Company in the Kingdom of Saudi Arabia and is licensed to carry on Insurance Business by the Insurance Authority (IA). The Company is bound by the regulation in KSA and the principal ones that are applicable with respect to all matters concerning the Board of Directors are the regulations issued by the Insurance Authority (IA), the Capital Markets Authority (CMA) and the Ministry of Commerce and Investment (MOCI), and Council of Cooperative Health Insurance (CHI).

The purpose of this procedure document is to outline the procedures that are to be followed with respect to the selection, nomination and appointment of members to the Board of Directors of the Company and ensure alignment and compliance with the regulatory requirements as well as corporate governance best practices as applicable in KSA.

The Company has a ‘Board of Directors Membership Policy Statement’ and this procedure document must be read in conjunction with the Board of Directors Membership Policy Statement.

2. Board Composition and types of membership

The Board of Liva shall comprise of eleven Directors. At least three or one third (whichever is greater) of the Board shall be independent (the “Independent Directors”), whose appointment shall be made on the recommendation of the Board. The Board shall be made up of majority non-executive Directors.

Liva Group shall nominate five directors for so long as it owns 50% or more of the voting shares of the Company. Riyadh Bank shall nominate two directors, for so long as it owns 19% or more of the voting shares of the Company.

The Company shall notify the CMA of the names of the Board Members and description of their memberships within five business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five business days from the occurrence of such changes.

The majority of the Board shall be made up of non-Executive Directors.

Independent Director

An Independent Director is a member of the Board of Directors who enjoys complete independence, as set out under Article 6 (Definitions) of the Insurance Authority (IA) Corporate Governance Regulations for Insurance Companies. By way of example, the following shall constitute an infringement of such independence:

- a) Owning the equivalent of 5% of the Company's shares or those of any subsidiaries.
- b) Representing a shareholder with legal personality who possesses the equivalent of 5% of the Company's shares or those of any subsidiaries.
- c) Being a member of the board in a Related Company or one of its subsidiaries or having been one during the past two years.
- d) Being a member of the board of the Company for more than nine years.
- e) Holding a senior management position on the Company or in a Related Company or having held one in the past two years.
- f) Being an employee with the Company with a Related Company or a company that provides services to the Company (e.g. Auditors, consulting firms etc.) or having worked with any of the above during the past two years.
- g) being a Related Person of a member of the Board or Senior Management of the Company or a Related Company.
- h) having a direct or indirect interest in the businesses and contracts executed for the Company's account.
- i) Being under any financial obligation towards the Company or any members of the board of Senior Management.
- j) Engaging in a business that competes with the Company or conducting businesses in any of the Company's activities.
- k) Receiving financial consideration from the Company other than for being a Member of the Board or Committees.

Independent Directors shall express their opinions in respect of the Company's strategic issues, policies, and performance and appointing members of the Senior Management. Independent Directors shall ensure that the interest of the Company and its shareholders are taken into account and given priority in case of any conflicts of interest.

Non-Executive Director

A Non-Executive Director is a member of the Board of Directors who provides opinions and technical advice and is not involved in any way in the management of the Company and does not receive a monthly or an annual salary.

Executive Director

An Executive Director is a member of the Board who is also a member of the executive management of the Company and participates in the daily affairs of the Company and earns a monthly salary in return thereof.

3. Term of Board

The term of the Board shall be for a maximum of three years. Where any vacancy arises mid-term, the term of office of a new member appointed to fulfil the vacancy will at a maximum be up to the expiry of the current term of the Board.

The term of a Board Member shall terminate due to any of the following circumstances:

- Expiration of the current term of the Board
- The resignation or death of the Member.
- Breach of duty by a member or by acting in a manner detrimental to the interest of the company
- Conviction of crime, fraud, breach of trust or honour.
- Becoming unfit for membership in accordance with the provisions of any in-force regulation in Saudi Arabia.
- Being absent from 3 consecutive meetings without an acceptable excuse by the Board.
- Being replaced by the corporate entity being represented.
- Upon request of the shareholders at a General Assembly meeting.
- Upon the General Assembly's rejection to renew its authorization of a Board Member's conflict of interest or competing interest, unless the Board Member ends the conflict of interest or competing interest prior to the date set by the General Assembly.

The Company shall disclose the termination or resignation of a Board Member and the reasons thereof to the CMA and announce the same on Tadawul. A resigning Board Member who has comments on the Company's performance shall submit those comments to the Chairman to be provided to the Board.

When a vacancy arises on the Board of Directors, the Board has the responsibility to appoint temporary member in the vacant position. The Board will be supported by the Nomination & Remuneration Committee in this regard. The appointment shall be presented to the next Ordinary General Assembly following the appointment of the new member. If the number of members on the Board of Directors drops below the minimum required as set out in the company By-Laws, the Ordinary General Assembly shall take place as soon as possible to elect the minimum required number of members.

4. Board Member Nomination Process

Appointment for new Board Term

The following procedure shall be followed when appointing Board members for a new three-year term upon completion of a full Board term:

- Announcement for opening of nominations for Board membership to be made not less than 45 days before the proposed date of the General Assembly Meeting by posting on Tadawul and the Company's website.
- Receiving / collating the following documents from all prospective candidates including those being nominated by the Corporate Shareholders of the Company – Liva Group and Riyadh Bank.
 - Statement of resume and copies of qualifications from interested candidates including copy of the national identity for Saudi or passport for non-Saudi.
 - Completed Fit & Proper form issued by the Insurance Authority.
 - Completed form (3) issued by the Capital Market Authority pertaining to the curriculum vitae of the candidates for membership of the Board of Directors.
 - For candidates who have already been members of the Board of Directors or one of its committees, statement indicating the number of meetings attended and participation in the Board and committees.
- The above documents must then be sent to the Board Secretary, who will present them to the Nomination and Remuneration Committee.
- The Committee shall consider within a week of the closing date the submitted applications and assess if they meet the conditions of nomination.
- In the event that the Committee decides to reject any applications it must communicate to the concerned candidate its decision and reasons for rejection.
- The Fit & Proper forms and curriculum vitae of candidates who meet the requirements of the Nomination & Remuneration Committee should be submitted to the Insurance Authority (IA) to obtain its no objection.
- After obtaining the Insurance Authority's no objection, form (3) should be to be sent to the Capital Market Authority.
- The Curriculum Vitae of candidates should then be posted on the Company's website.
- Upon calling for the General Assembly, the Company shall announce on Tadawul information about the candidates for the membership of the Board which shall include the candidates' Curriculum Vitae, including their experience, qualifications, skills and previous and current jobs and

memberships. The Company shall make available a copy of the information in the Company's head office and on its website.

- A General Assembly meeting should be convened in the usual manner to elect the Board members for the new term. The cumulative method of voting shall be applied in appointing the board members.
- Following the General Assembly decisions, announcements must be made on Tadawul, and communications be sent to the Insurance Authority and the CMA

A Board candidate shall disclose to the Board or the General Assembly any conflicts of interest, including:

- Having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he/she desires to be nominated to the Board; and
- Engaging in business that may compete with the Company or any of its activities.

The Company must notify the Insurance Authority (IA) when a nomination proposal for board membership has been rejected and must specify the reason for rejection.

The number of Board candidates presented to the General Assembly for voting shall exceed the number of available seats in order - to provide the General Assembly the opportunity to select among several candidates. The Board can engage the services of an independent specialized external party to identify additional candidates for Board membership when the number of Board candidates is insufficient.

Appointments to fulfil vacancies that arise mid-term.

If the position of a board member becomes vacant, the board can, after obtaining the Insurance Authority's prior written approval, temporarily appoint a new member to the vacant position for the remainder of his/her predecessor's term, provided that such appointment is presented for approval at the next General Assembly meeting.

The following procedures shall be followed when appointing members to fulfil vacancies that arise mid-term.

For members in their personal capacity

- The Nomination and Remuneration Committee shall recommend to the Board of Directors to choose a candidate stating clear reasons for the recommendation.
- The Fit & Proper forms and curriculum vitae of candidates who meet the requirements of the Nomination & Remuneration Committee and the Board

should be submitted to the Insurance Authority (IA) to obtain its no objection.

- After obtaining the Insurance Authority's no objection, form (3) should be to be sent to the CMA.
- The Board of Directors will appoint the member in the vacant position to, complete his predecessor's term
- Present this appointment to the General Assembly at the first meeting following the appointment.

For the representatives of corporate entities:

- Request for the Corporate Entity (i.e. Liva Group or Riyadh Bank as the case may be) to nominate another representative of the corporate entity on the Board of Directors.
- The Nomination & Remuneration Committee must consider within a week of the corporate entity's nomination date, to assess if the nominated person meets the conditions of nomination.
- In the event that the Committee decides to reject any applications it must communicate to the concerned candidate its decision and reasons for rejection.
- The Fit & Proper forms and curriculum vitae of candidates who meet the requirements of the Nomination & Remuneration Committee should be submitted to the Insurance Authority to obtain its no objection.
- After obtaining the Insurance Authority's no objection, form (3) should be to be sent to the Capital Market
- Nomination and Remuneration Committee shall recommend to the Board of Directors to choose a candidate stating clear reasons for the recommendation.
- The Board of Directors appoints the member in the vacant position to, complete his predecessor's term
- Present this appointment to the General Assembly at the first meeting following the appointment.

5. Board members selection criteria

In making its recommendations the Nomination and Remuneration Committee shall ensure the Board collectively has the appropriate diversity with respect to qualifications, knowledge, experience and skills in the various areas of the Company's business and operations. Board Members must hold the minimum qualifications or expertise required for membership, as determined by the Nomination and Remuneration Committee and Insurance Authority's instructions concerning the requirements of appointment to Boards of Directors.

Board Members shall be eligible to do the work assigned and must have a clear understanding of the role required with the ability to exercise good governance in an objective and independent manner in all company matters, and have a high degree of reputation, efficiency and responsibility. Board Member must possess a strong understanding of the Company's financials and have the ability to advise on best practices.

A board member of the Company shall

- a) Not be a board member of another local insurance and/or reinsurance Company or occupying any leadership or board committee position in such Companies.
- b) Not have been convicted of an offence prejudicial to honour, integrity or contrary to the laws and regulations in the Kingdom or any other country, unless proving innocent.
- c) Not have previously received a court ruling or decision settling in civil proceedings linked to investment, business or finance or misconduct or embezzling funds in Saudi Arabia or any other country.
- d) Not be a Board Member of more than five joint stock companies, and not be a Board Member of any company operating in the insurance sector.
- e) Within 30 days of the approval by the General Assembly appointment, own not less than ten thousand riyals equivalent of the company's shares.